

The Concept of Socialist International Integration in the Gorbachev Era

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The conceptual meaning of international integration within the community of socialist states has by now evolved through several distinct stages. From fairly primitive beginnings which cast the newborn Council for Mutual Economic Aid (COMECON) in the role of a clearing-house for trade liaisons between the member states, the operation has progressively assumed more elaborate functions and forms. Each phase has been marked by its own set of doctrinal rationales, policy priorities, economic techniques and organizational methods. Official rhetoric has pictured all the segments as vitally interrelated and the entire record as a consistent and coherent application of the principles of Marxist analytical theory to the phenomenon of emergence and growth of a socialist economic union on a regional scale.

Today, the system faces a major challenge as a result of Gorbachev's call for a drastic revamping of the Soviet Union's domestic economy and the implication of his agenda for the COMECON partnership's mode of conducting intramural business, be it in the traditional area of exchange of goods and services or the more novel domain of shared scientific and technical development. More important, perhaps, while in the past the successive steps toward increased reapproachment among the socialist countries had generally given the impression of and indeed been portrayed as a smooth and steady march in designated direction, that scenario no longer holds true. Together with major criticisms of an array of former practices, the current package features key proposals for revising established precedents that cannot be squared with the old mores. Instead of placidly building on the inventory of previous experience — as had hitherto tended to be the case — the current attitude smacks of rejection of many earlier dogmas and a search for radically different routes to pursue the assigned objective of accelerating the pace of integration within the socialist constituency in order to match the prescriptions of Gorbachev's home program.

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A number of themes have drawn special attention in this connection.

1. Local spokesmen put primary emphasis on the need for a steep rise in the volume of economic traffic in their environment. Noting that the socialist fraternity lags far behind the leading industrial powers of the capitalist camp in the degree of engagement in foreign economic activity, they attribute the lapse to poor use of the mechanics of international division of labor. The low level of mutual procurement of goods and services indicates vestigial influences of an autarkic outlook and a penchant for economic self-reliance even though the price exacted by such antiquated views is costly duplication, inability to pass the test of global competition, and a drop in the standards of economic performance. While the physical indices here are not the sole concern, of course, the fact of the matter is that failure to exploit one's relative advantages vis-à-vis others is a clear signal of inefficiency by the criteria of the modern marketplace which translates, *inter alia*, into diminished real value of the national product through missed profits.

2. In turn, insularity breeds complacency in that catering to a protected domestic market eliminates a prime incentive to improve quality control and introduce superior models of capital or consumer goods and allows the "monopoly" to charge higher rates than would likely be true if a measure of choice existed. In a sense, then, imported fare has the effect of policing the caliber of domestic entrepreneurship and, to the extent that Gorbachev claims to want to get Soviet management and labor to work better, the entry of foreign goods can provide a healthy stimulus — if the delinquents can thus be made to fear for the survival of their personal stake. Strict fiscal accountability plus the penalty of bankruptcy must be enlisted for the mission of enforcing professional discipline, else the threat will prove empty. However, should an appropriate stick also be available, cheaper and upper-grade commodities from abroad offer a viable carrot to stir an appetite for emulation in native circles.

3. Still, the crux of the issue is not the gross size, but the substantive composition of the flow. On that score, a profound shift is sought in various strands of the old pattern. Up till now, the repertory of exchanges between the Soviet Union and the East European nucleus of COMECON had centered on the sale of basic raw materials by the USSR to its associates and purchase from the latter of a wide assortment of finished products. As the corresponding sources in the western portion of the Soviet Union near depletion, other facilities are compelled to pick up the slack: they are harder to reach, the climatic conditions are less favorable, the bill for extraction and delivery considerably larger and the Soviet regime was averse to investing so much money in these ventures and probably strapped for cash to boot.

That particular problem was solved by a corporate decision to have the East European partners contribute funds, equipment and skilled labor to a series of big projects in mining, processing and transportation and accept compensation in the shape of a percentage of their output. The benefits were obvious to the collective cast. The bargain guaranteed the East European states an assured supply of staples for their manufacturing requirements — fossil fuels, electric energy, iron ore and pig iron, lumber and cellulose, etc. The Soviet Union gained access to fresh reserves of its natural wealth for its own use as well as for export allocation without straining its pocketbook. Obviously enough, the arrangement spelled a deeper dependency of the East European nations on the USSR for procuring the lifeblood to keep their economic heart beating at a sound pace. The political dividend for Moscow, though extraneous to the economic justification afforded for the occasion, certainly added to the scheme's allure in the privacy of the Kremlin chambers and lent augmented prestige to these massive undertakings. The economic and political pay-offs neatly meshed in these accommodations and, one suspects, their original status was somewhat inflated due to this combination of "virtues."

4. This medium was the flagship of COMECON's earlier blueprint of the long-term integration goals of its constituency. Loudly applauded at the time and perhaps fully suitable for that historical setting, the design no longer quite fits the latest vision of how reapproachment ought to occur during the next round of the socialist community's career. Several trouble spots may be mentioned. First, the operation symbolizes the extensive mode of economic development. Instead of concentrating on the more intense exploitation of available deposits through the application of advanced scientific and technological methods, fresh resources are deployed for conversion in the same inefficient manner as before. Quantity substitutes for quality and the eventual cost is passed on to future generations by indulging the instinct for immediate convenience at the expense of the injunctions of prudent management. We are told that this squandering of the civic patrimony is not in fashion with the current administration and that the focus of attention here has switched to a conservationist-minded track in which the ultimate impact of economic decisions enters the calculation to determine the desirability of particular proposals afoot contouring the terrain of further economic growth.

Second, the model in question perpetuated the routine in accordance with which westward traffic from the Soviet Union consisted in dominant proportion of raw materials while primarily finished products streamed in the opposite direction. This asymmetry is correctly perceived as an anomaly in the canon of lisions between industrialized nations where manufactured items constitute the

chief stock in trade and since the Soviet Union and its allies pride themselves on having joined that privileged group, their practices in this sphere would either have to follow suit or, by deviating, give the lie to the notion that they genuinely belonged to the elite. Moreover, the Soviet regime's putative title to the ideological premiership of the league on the grounds that it deserved credit for launching the whole experiment in creating a socialist organism did not square with its role as actual purveyor of basic fare for a pack of apparently more sophisticated brethren. In a way, of course, the USSR's lot in this case strikingly resembles that of a colonial hinterland vis-à-vis the East European socialist contingent and that image cannot but breed resentment within the Soviet hierarchy. By seeking to restructure that relationship and establish a modicum of equilibrium that let both sides share roughly equal billing in the matter of mutual procurement, say, of "state of the art" machinery and equipment, the Soviet brass bids to massage its own ego, improve the partnership's economic performance in general, and vindicate the pitch that the intramural operation of the socialist entente, too, possesses the essential slate of avant-garde attributes.

Third, the design likewise personified the principle of separation of production from scientific-technical pursuits. Once these enterprises were set up, the burden of running them was left to the Soviet apparatus which was intrinsically concerned with meeting gross output targets and indeed rewarded for fulfilling planning norms pegged to numerical indicia. That dichotomy stamped the entire Soviet scene and today prompts strong criticism for the failure of the Soviet economy to stay abreast of innovative trends elsewhere. A Comprehensive program of scientific-technical progress until the year 2,000 was adopted in 1985 and is now being touted as the means for propelling the COMECON union into the era of scientific-technical and production cooperation marked by a symbiotic rapport between the two phenomena that will ignite a steep upgrading of the inventory. The need for a thoroughly revised format to engineer the desired synthesis is thus obvious and while the old procedures did serve a useful purpose in their specific context, a very different approach had to be devised in order successfully to implement the present agenda.

5. The solution which received official blessing mandates a significant loosening of the former chain of command in which some of the powers previously vested in the top echelons of the administrative pyramid were scheduled to trickle downward and henceforth be exercised by the so-called primary units, i.e., the organizations directly engaged in affording the ensemble of production and scientific-technical services. In particular, the principal initiative to elaborate arrangements with corresponding entities operating in the other COM-

ECON countries in the performance of their assigned tasks is expected hereafter to emanate from the institutions in charge of these affairs. The reasoning behind the move is fairly straightforward. The tempo of scientific-technical innovation in our times is so rapid that the excessively centralized mode of organization that held sway in the past could not adjust fast enough: top-heavy, rigid and cumbersome, the old ministerial and branch phalanges stifled progress by taking too long to consider proposed changes and so preventing potential improvements from entering the production cycle and having a positive effect on practice. By entrusting such decisions to management control, the leadership figures on more expeditious treatment of these questions and predicts consequent benefits for both the local entrepreneurs and consumers.

The factor of speed and flexibility of response aside, a further advantage of this devolution of authority lies in the sanctioned concentration of the entire package of production and scientific-technical responsibilities in the hands of a single executive panel which would finally get rid of the albatross of compartmentalization which has always hung around the national bureaucracy's neck. Instead of slow lateral communications which, *inter alia*, had to surmount the stiff barriers of departmental jealousies, divergent priority stakes, different accounting media, and other obstructive elements, policy would be drawn up on a concerted footing and with full reference to the relevant body of data. From an integral analysis of the applicable information will presumably emerge a superior sense of economic strategy from which all concerned are slated to profit, the state, the civic community, and each individual. To add spice to the stew, the increased maneuverability of the cast enhances the prospect of swift conversion of ideas to actions and the testing of their validity through routine experience, thus pitting clichés against reality in the hope that the ancient regime in economic matters would in due course succumb to the spirit of rationality.

6. However, freer access to the intra-COMECON pantry, even at the urging of the respective governments, spells various logistical problems for the interested parties that require prompt attention if the projected reforms are to have the desired effect. A basic overhaul of the pricing system, for instance, is imperative, which means that currency convertibility must be introduced to let market forces determine the value of the money and the commodities by a realistic response to the billing of supply and demand. A first step in the right direction has already been recorded when in 1987 seven COMECON states signed a convention on the mutual convertibility of their national currencies. Note, though, that several members of the organization have not yet joined the venture and, indeed, the scheme is reported to have generated stubborn re-

sistance in the case of some of the dissenting partners. Macroeconomic considerations apart, the principle of free currency convertibility strains the concept of a command economy in that it injects an element of anarchic spontaneity into the picture which runs counter to the notion of a clock-work operation in which every detail is fixed by a comprehensive plan of national development.

Not only is the orthodoxy of the planning doctrine in peril of being subverted by this flirtation with *laissez-faire* culture, but of more vital importance to the outcome of the bid is the hard fact that the administrative apparatus stands to lose a large chunk of its original jurisdiction in the shuffle. The very mundane fear among the bureaucratic lot of a reduced status on the official scale poses a greater danger to the cursade to promote the virtues of a socialist brand of entrepreneurship than the alleged assault on the purity of the Marxist credo and because personal stakes are involved a fierce struggle to preserve old privileges will certainly be waged in the open as well as behind the scenes against the proponents of the "new wave." Still, unlike government entities which observe their own set of criteria, the "private" sector requires firm indications on how to compute, attain and stoke a viable margin of profitability and guarantee a proper level of cash flow. That, of course, is the scenario to which Gorbachev professes to subscribe, except that he must forge the necessary framework to accommodate the growing band of franchises and enable them to ply their *métier* as intended.

7. The manner of elaboration of the constituent national plans also calls for drastic overhaul to service these innovative trends. Instead of the practice of assigning tasks from above, as had hitherto been the norm, a two-tier system now commends itself whereby the estimates submitted by the "free agents" will be woven into the fabric of the plan along with the targets prescribed for the units of the public branch to insure that the job gets done and adequate logistical support is available for each member of the team to draw upon his allocated share of the common inventory en route to his recognized destination. The plan will then fulfill a supervisory-cum-sanctioning role vis-à-vis the civil law personae engaged in domestic as well as transnational business pursuits and continue to effect strict control over the public media. Mind you, the entrepreneurial elements still face tight regulation in their ventures both at home and abroad, but presumably will be spared the pervasive ministrations of a swarm of administrative masters.

The renovation of the planning model affects the national as well as the intra-COMECON repertory. To be sure, no matching regional score was ever orchestrated and the closest that the ensemble ever came to the Marxist ideal of a collective-style blueprint was a composite version aggregating those salient

features of the individual entries on which two or more participating states had agreed to cooperate. Multiple synchronization hatched an ad hoc simulacrum of corporate entente for the simple reason that COMECON is not yet chartered to pronounce consensus by institutional fiat.

8. Under these circumstances, contract law is bound to assume increased importance in COMECON affairs. The original emphasis gave clear precedence to public international law technology in designing the community's architecture. The states themselves signed treaties setting up the array of specialized organizations that clustered around COMECON and took care of affiliated operations under COMECON's central guidance, and occupied the seats on their governing boards. Concern for the trappings of sovereignty stamped an environment in which the vocabulary of international law shaped all discourse and thus unavoidably accentuated the primacy of states in its mode of analysis. Where sovereignty is king, unanimity is the only possible way to arrive at decisions and the machinery of COMECON bears graphic witness to the conceptual and procedural constraints imposed by blind adherence to the international law canon.

The gradual shift to the civil law track, which is certain to gain momentum as the Gorbachev vehicle rolls forward, is going to revolutionize COMECON's record. There is no doubt that the ascendancy of inter-state agencies in the COMECON curriculum is a thing of the past — no new IGO's have swelled the ranks in quite a while now; even the later generation of international economic associations based on inter-state compacts, but manned by subordinate companies, might soon be shunted aside in favor of a different breed of bi- or multi-national enterprise launched by a consortium of "private" parties on their own recognizance. As the center of gravity drops, the COMECON establishment can be expected to streamline its performance by concentrating on issuing policy guidelines while leaving the routine in charge of the directorial posts of the "field" units. The phenomenon of intramural summitry will then lose much of its mystique and that, too, will ease the pressure of having to parade before a foreign audience constant proof of the vitality of the united front.

By stressing the virtue of pragmatism, the champions of change hope to cure a string of defects that have impaired COMECON's effectiveness from birth. The need to pander to sovereign conceits, the folly of subsidizing the grandeurs of the liberal veto fossil, the obsession with scoring propaganda points have already been mentioned in this connection. Today, the Soviet brass seems interested primarily in practical dividends even if this means bluntly telling fellow socialist regimes that it would prefer countries not wishing to

participate to abstain rather than obstruct the reformist plans of the majority. When politics ruled the roost, such heresy was never heard and the fact that views of the sort can now be expressed without derailing the COMECON train offers potent testimony to how far the socialist community has travelled from a doctrinaire infancy to a utilitarian middle age.

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Prophesying how Gorbachev will fare in winning acceptance for his vision of the future is a high risk gamble. At this juncture, no one can safely predict how much of the proposed package will end up dictating local mores. Even so, the impact of the forces that he has unleashed is critical and, no matter what the positive results might yet be, a return to the old ways is virtually precluded. a feverish search is afoot for a different code of civic conduct, upgraded in terms of both style and substance, purged of past deformities and more finely attuned to serving the humane aspirations of the community and the individual.

If the situation on the asset page of the ledger is a shade murky, in the debit column one entry is unmistakable, namely, evidence that the socialist fraternity has in a sense slipped its moorings. The same applies to its COMECON accessory, which literally stands at the crossroads with no solid inkling of what lies ahead. Meantime, some unexpected problems have cropped up, for the current relaxation of controls and dawning of a more liberal spirit within the corridors of the institution have, paradoxically, had a marked divisive effect on its membership. Special interests openly assert themselves, to the detriment of concerted action, and bids for cooperation have attracted smaller in vestment groups as the clientele has felt freer to indulge its preference on whether or not to join. True, genuine animus makes for stronger bonds and a common venture is apt to benefit considerably from a dash of positive commitment. On the other hand, though, a centrifugal trend may set in when a core element tends to hog the spotlight and the rest of the company winds up with cameo roles.

In short, reform sounds like a tricky business and Gorbachev and his friends may in fact have a tiger by the tail who in all probability will leave deep imprints on COMECON's physique before the dust settles.